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June 5, 2008

To: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

**WASHINGTON, D.C. UPDATE**

**Federal Fiscal Year (FFY) 2009 Budget Resolution**

The Congress has approved S. Con. Res. 21, the Federal Fiscal Year (FFY) 2009 budget resolution, which sets non-binding spending and revenue targets to guide Congressional action on fiscal legislation. The budget resolution was passed 48 to 45 by the Senate on June 4 2008 and 214 to 210 by the House on June 5, 2008.

The FFY 2009 budget resolution calls for \$3.1 trillion in overall spending with an estimated budget deficit of \$340.4 billion in FFY 2009. It also does not call for any reduction in mandatory (entitlement) programs though any legislation which would increase mandatory spending must include offsetting spending cuts or revenue increases to comply with "pay-as-you go" budget rules. The budget resolution includes an overall discretionary spending cap of \$1.012 trillion for the 12 FFY 2009 appropriations bills -- \$20.1 billion more than proposed by the President.

Similar to last year, the President is threatening to veto appropriations bills that exceed his total budget request. In response, it is widely expected that the Congressional Democrats will wait until the next President and Congress are elected before finalizing appropriations bills for FFY 2009. However, today, the House Appropriations

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Committee announced that it will begin marking up the 12 FFY 2009 appropriations bills starting next week.

**Federal Fiscal Year (FFY) 2008 Supplemental Appropriations Bill (H.R. 2642)**

The Congressional Democratic leadership still is attempting to reach agreement on a final FFY 2008 supplemental appropriations bill (H.R. 5642) which can secure sufficient votes to pass both houses next week. The House and Senate versions, which must be reconciled, both include bill language from H.R. 5613 (Dingell, D-MI), which would impose a moratorium on the implementation of seven pending Medicaid regulations until April 1, 2009, including regulations which would limit Medicaid payments to public providers to the cost of providing services to Medicaid recipients and eliminate Medicaid reimbursement of Graduate Medical Education (GME) costs. However, differences between Democrats as well as between both parties on domestic and Iraq war spending issues make it difficult to fashion a bill, which can pass both houses.

We will continue to keep you advised.

WTF:GK  
MAL:MT:mp

c: All Department Heads  
Legislative Strategist